Remarks

Claims 35-65 are in the application, of which claims 35, 40, and 48 are in independent form. Claims 35-65 stand rejected under 35 U.S.C. § 102(b) as being unpatentable in view of U.S. Patent No. 5,903,633 of Lorsch (Lorsch).

Applicants respectfully traverse and request reconsideration in light of the foregoing amendments and the following remarks.

Lorsch taught a system for securely distributing prepaid telephone cards. In Lorsch, a cards can be produced in response to an order from a retailer and each card in the batch can be encoded with account information such that each card matches a single PIN. *See* column 5, lines 48-50. The cards are then shipped in an inactive state to a retailer and cannot be used until authorization is provided by a centralized computer. *See* column 2, line 67 through column 3, line 2. The prepaid telephone cards include information associating the cards with the specific vendor to which the cards were shipped. *See* column 3, lines 12-16.

When a user purchases the card from a vendor the card is swiped by a magnetic card reader and the data on the card is transmitted to a centralized computer. *See* column 3, lines 21-24. The centralized computer compares the transmitted card information to information stored in a centralized database connected to the centralized computer to determine if the prepaid card is being activated from a terminal associated with the vendor information corresponding to the specific prepaid card. *See* column 3, lines 46-53. In order to prevent fraud, the retailer may provide the card provider with a list of phone numbers associated with the retailer's point of sale terminals. *See* column 7, lines 44-46. In that way a card will only be activated if the activation request comes from an appropriate point of sale terminal. Once the centralized computer determines that the prepaid card was swiped at an appropriate point of sale terminal a PIN associated with the card can be activated, so that calls can then be made using the PIN, and an authorization

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code can be transmitted to the point of sale terminal. *See* Column 3, lines54-58 and column 7, lines 38-64.

In addition, Lorsch disclosed recharging the prepaid cards using a point of sale terminal. With regard to recharging, the phone card user in the Lorsch system pays the retailer for the amount to be added to the card and the retailer is later billed for the added time in a manner similar to that used for billing the retailer for new card sales. *See* column 8, lines 34-52. Billing within the Lorsch system consists of the centralized computer sending a message to an invoicing computer which can then bill the retailer for the card, or a recharge transaction. *See* column 8, lines 7-13.

Applicants' claim 35, as amended above, requires the following elements that were not taught or suggested by Lorsch:

> a payment processor including a database for storing a list of participating point-of-sale merchants and further including a database associating each of a plurality of intermediary account numbers with at least one corresponding end-user account number, each end-user account number associated with a corresponding vendor; and
> the payment processor operable to exchange electronic messages with the point-of-sale terminal via the financial network and including means for crediting an indicia of monetary value to a corresponding intermediary account stored in a database coupled to the payment processor in response to receiving a payment message from the point-of-sale terminal, and further including interface means for communicating at least a recharge transaction to the corresponding vendor to credit a selected on of the end-user accounts associated with the corresponding intermediary account in response to crediting the corresponding intermediary account.

Applicants' claim 40 requires the following elements that were not taught or suggested by Lorsch:

> establishing an intermediary account having a corresponding account identifier;
> in a database coupled to a central payment processor, associating the intermediary account with an end-user's prepaid account maintained by a telecommunications vendor;
> ...

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in the central payment processor, if the validating step results in approval of the transaction, sending a message to the telecommunications vendor for loading value into the end-user's associated prepaid account responsive to the payment transaction.

Applicants' claim 48 requires the following elements that were not taught or suggested by Lorsch:...

establishing an intermediary account in a database that is coupled to the payment processor, the intermediary account having a corresponding account identifier;

...

in the payment processor, if the validating step results in approval of the transaction, crediting an indicia of monetary value to the corresponding intermediary account in response to the payment transaction.

The Office action did not identify any aspect of the system taught by Lorsch that would correspond to the "intermediary account" required by Applicants' claim 35, 40 and 48. The Lorsch system allows a pre-paid account user to use a card to recharge the prepaid account at a retail point of sale. *See* Lorsch column 8, lines 36-39. The card user can then use the prepaid account to place long distance calls. However, the prepaid account in Lorsch is actually the "end-user account" as that term is used in Applicants' claims. Lorsch did not teach an "intermediary account" as that terms is used in Applicants' claims.

Because it did not teach an intermediary account as required by Applicants' claimed invention, the system taught by Lorsch has disadvantages relative to Applicants' claimed invention. The system taught by Lorsch puts end users at risk of a lost or stolen card because the prepaid minutes are stored according to the PIN on the users card, i.e. the card has a stored value directly associated with it. This system is similar to that described in the Background of the Invention section of the present Application at page 2, lines 11-24. While the system in Lorsch addresses some of the problems

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identified with prior art systems it does not address the other problems solved by Applicants' claimed invention.

In Applicant's invention, there is no value stored with a card used as an "account identifier" that could be used by anyone coming into possession of a lost or stolen card because once a recharge transaction has occurred any value that was loaded to the pre-paid account is associated with the intermediary account at the payment processor, or an end-user account maintained by a vendor, and not with the card used as an account identifier. A person in possession of a card that acts as an account identifier within the meaning of Applicants' claims does not have access to the corresponding intermediary account for anything other than adding value to the intermediary account.

In addition, when value is added to the intermediary account an indication of the recharge is sent to a vendor to credit the end-user account so that the end-user can then use the prepaid goods and services provided by the vendor. In accordance with applicant's invention, adding value to the prepaid account is accomplished by the payment processor sending an indication of the recharge transaction to the vendor, not by the point of sale terminal sending an authorization for a recharge transaction to the payment processor, which in Lorsch appears to be centralized computer 30. In accordance with Applicants' invention, a person having access to an account identifier will not have a access to the intermediary account associated with the account identifier or to an end-user account associated with the intermediary account. In Lorsch on the other hand a person having access to a card that functions as an account identifier would also have access to the end-user account because Lorsch does not teach an intermediary account as claimed by Applicants'.

In addition, an intermediary account as claimed by Applicants' has advantages for retailers at the point-of-sale. The retailer can act as a recharge station for a variety of vendors (providers of pre-paid goods and services) while only needing a single interface. The retailer need only interact with the intermediary account. The payment processor, in response to a recharge transaction from the retailed, communicates a recharge
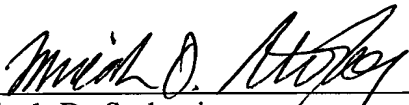
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transaction to the selected corresponding vendor to credit the associated end-user account. The retailer does not need a separate interface, or separate software, for each vendor.

Applicants believes the above-identified application is in condition for allowance and respectfully requests the same.

Respectfully submitted,

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35. (~~Twice~~ Thrice Amended) A system for effecting electronic payment for goods or services comprising:

a terminal located at a point-of-sale where monetary consideration is received from or on behalf of an end-user to pre-pay for selected goods or services; the terminal operable to exchange electronic messages with a financial network;

a financial network operable to exchange electronic messages with the point-of-sale terminal;

a payment processor including a database for storing a list of participating point-of-sale merchants and further including a database associating each of a plurality of intermediary account numbers with at least one corresponding end-user account numbers, each end-user account number associated with a corresponding vendor; and

the payment processor operable to exchange electronic messages with the point-of-sale terminal via the financial network and including means for crediting an indicia of monetary value to a corresponding intermediary account stored in a database coupled to the payment processor in response to receiving a payment message from the point-of-sale terminal, and further including interface means for communicating at least a recharge transaction to the corresponding ~~a~~ vendor to credit a selected on of the end-user accounts associated with the corresponding intermediary account in response to crediting the corresponding intermediary account.

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